GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:163
ANSWERED ON:10.12.2015
Performance of Air India
Kumar Dr. Virendra ;Ramachandran Shri Krishnan Narayanasamy

Will the Minister of CIVIL AVIATION be pleased to state:

(a) the number of countries with which the Air India has air connectivity, countrywise;

(b) whether the Government has assessed the impact of softening of interest regime and international price of Aviation fuel on the revenue of the Air India, if so, the details thereof;

(c) the revenue earned and expenditure incurred by Air India during each of the last three years and the current year, year-wise;

(d) whether the Air India has set any targets to step up its revenue generation for the current year and if so, the details thereof; and

(e) whether the growth, market share, punctuality and other performance parameters of private carriers is far ahead of Air India and if so, corrective action taken by the Government to improve the overall performance of the Air India along with outcome thereof?

Answer

Minister of CIVIL AVIATION
(Shri Ashok Gajapathi Raju Pusapati)

(a) to (e): A statement is laid on the table of the House.

STATEMENT IN REPLY TO PARTs (a), (b), (c), (d) AND (e) OF LOK SABHA STARRED QUESTION NO.163 ANSWERED ON 10.12.2015 REGARDING PERFORMANCE OF AIR INDIA TABLED BY DR. VIRENDRA KUMAR AND SHRI K.N. RAMACHANDRAN, MPs.

(a): Currently Air India connects 35 international destinations in 24 countries. The details are at Annexure-I.

(b): Softening of interest regime and international price of fuel is expected to result in reduction of total expenditure of Air India.The softening of the Aviation Fuel Prices has been considered while formulating the estimated budget for FY 2015-16.

(c): The details of the Total Revenue and Total Expenditure of Air India Ltd for the last three years, and current year are as under:
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Particulars (Rs. In Crores)
2012-13 2013-14 2014-15 2015-16(Prov.)
(April-September,15)
Total Revenue 18213.79 20140.59 20606.27 9485.00
Total Expenses 23703.95 26420.19 26466.18 11776.19
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(d): . The revenue target for FY 2015-16 is Rs. 21,570 crores. Introduction of additional flights, rationalization of routes and better revenue management are likely to lead to increased revenues during the current year.

(e): The data on Market Share, On Time Performance and Growth of Air India and other private airlines is at Annexure-II.

In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, the CCEA in its meeting held on 12.04.2012, approved a Turnaround Plan(TAP)/ Financial Restructuring Plan(FRP) for operational and financial turnaround of Air India. The TAP/FRP provides equity infusion by the government of Rs.30231 crores upto 2021 subject to achievement of certain financial and operational parameters as laid down in the TAP/FRP.

As a result of implementing TAP the company has made improvements in FY 2014-15(provisional results) in comparison to FY 2011-12 which are as under:

1. Improvements in Financial Performance
(i) The Operating Loss has consistently reduced since merger and in 2014-15 the same stands at Rs.2636.19 crores as compared to Rs.5138.69 crores in 2011-12.
(ii) The Net Loss in 2014-15 is Rs.5859.91 crores as against the loss of Rs.7559.74 crores in 2011-12 i.e. a reduction by 22.5%.
(iii) The Company has turned EBIDTA positive by Rs.337.77 crores as against the negative EBIDTA of Rs.2236.95 crores in 2011-12.
(iv) Total Revenue increased from Rs.14713.81 crores in 2011-12 to Rs.20606.27 crores in 2014-15 i.e. by Rs.5892.46 crores i.e. by

40.1% as compared to levels of 2011-12.

2. Improvement in Operational Performance
(i) The company has shown considerable improvement in the OTP. The overall Network OTP achieved during 2014-15 is 72.7% as compared to 68.2% in 2011-12.
(ii) The Passenger Load Factor has improved to 73.7% in 2014-15 from the Passenger Load Factor of 67.9% in 2011-12.
(iii) The Network Yield achieved is Rs.4.39/RPKM in 2014-15 as against Rs.3.74/RPKM in 2011-12.
(iv) The number of Revenue Pax has increased from 13.40 Million in 2011-12 to 16.88 Million in 2014-15.

3. Other Performace Improvement measures.
(i) Setting up a Route Rationalization Committee to ensure revenue maximization by continuously looking at load factors, revenue yields and competitor fare structure.
(ii) Induction of brand new aircraft on several domestic & international routes.
(iii) Phasing out & grounding of old fleet. Return of leased aircraft, freezing of employment in non-operational areas
(iv) Up-gradation of IT Infrastructure & implementation of Quick Win IT Solutions
(v) Establishment of Integrated Operations Control Centre and Hub Control Centre in Delhi
(vi) Operationalization of Subsidiary Companies such as AIATSL & AIESL and transfer of manpower and equipment and treating them as Independent Profit Centers.